



PRIVATE AND STRICTLY CONFIDENTIAL

December 6, 2023

To the Investors that Advanced Funds to First Swiss Mortgage Corp. (“First Swiss”):

Re: Receivership Proceeding of First Swiss

As you know, KSV Restructuring Inc. was appointed by Order of the Ontario Superior Court of Justice (Commercial List) dated March 17, 2023 (the “Receivership Order”) as receiver (the “Receiver”) of all of the assets, undertakings and properties of First Swiss (the “Property”).

The Receiver has filed Reports to Court (“Reports”) which, among other things, summarize the Receiver’s findings regarding the events that led to the receivership, including that:

- a) significant funds provided by lenders to the Company (the “Investors”) for the specific purpose of placing mortgages were instead transferred to 6807771 Canada Corp. (“680”), a company whose sole director and officer is Mr. Reza Nezami-Nia, who is also the Company’s principal;
- b) approximately \$5.9 million was transferred in the three-year period prior to the date of the Receivership Order from the Company’s bank accounts to an account held by 680;
- c) 680 paid at least \$3.6 million of lifestyle expenses, including several credit cards, private school tuition, life insurance, and vehicle lease payments in the last three years;
- d) a significant number of mortgages were discharged without funds being paid to Investors, notwithstanding that the funds received by the Company were to have been held in trust for the applicable Investors; and
- e) certain Investor funds were advanced to the Company for mortgages without those funds being transferred to borrowers for such mortgages.

Copies of the Reports and other materials filed in the receivership proceeding can be accessed here: <https://www.ksvadvisory.com/experience/case/firstswiss>.

The Receiver is presently pursuing several recovery options, including, but not limited to: a) claims against the former principals of First Swiss, certain of which may be covered by First Swiss’s errors & omissions insurance policy; b) a claim against First Swiss’s auditor for, among other things, negligence and breach of duties; c) monetization of First Swiss’s mortgage portfolio; and d) other claims to recover assets from the misappropriation of First Swiss’s funds.

The result of the Receiver's recovery efforts is uncertain as, among other things, the litigation claims may be subject to determinations by the Court and, as it relates to the mortgage portfolio, several borrowers have advised that they are unable to repay the amounts they owe due to a decline in their property values. The Receiver estimates that recoveries to the Investors, who are collectively owed approximately \$26 million, will not exceed 20%, and may be significantly lower if recovery efforts are unsuccessful. To be clear, the Receiver provides no assurances that there will be recoveries for the Investors.

The Receiver will provide a further update to the Investors if it expects that recoveries will vary materially from the present estimate.

Yours very truly,

A handwritten signature in blue ink that reads "KSV Restructuring Inc." The signature is written in a cursive, flowing style.

**KSV RESTRUCTURING INC.
SOLELY IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF
FIRST SWISS MORTGAGE COPR.
AND NOT IN ITS PERSONAL CAPACITY**